

1 IN THE KENTUCKY PUBLIC SERVICE COMMISSION

2
3
4 IN RE: INVESTIGATION:

5 Case No. 2003-00433
6 AN ADJUSTMENT OF THE GAS AND ELECTRIC RATES,
7 TERMS, AND CONDITIONS OF LOUISVILLE GAS AND
8 ELECTRIC COMPANY

9 and

10 Case No. 2003-00434
11 AN ADJUSTMENT OF THE ELECTRIC RATES, TERMS, AND
12 CONDITIONS OF KENTUCKY UTILITIES COMPANY

13 * * *

14
15 SWORN STATEMENT

16 OF

17 SHERI DAWN MCGEE

18 AUGUST 8, 2005
19
20

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8/23/05 *MA*

I N D E X

Exhibit No. 1..... 14
(Page 20 of PSC Employee Information
Handbook)

A P P E A R A N C E S

SPECIAL GENERAL COUNSEL TO THE PUBLIC SERVICE
COMMISSION:

JONATHAN D. GOLDBERG
Goldberg & Simpson
3000 National City Tower
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Louisville, Kentucky 40202

1 The sworn statement of SHERI DAWN
2 McGEE, taken in the offices of the Public Service
3 Commission, 211 Sower Boulevard, Frankfort, Kentucky,
4 on Monday, the 8th day of August, 2005, at
5 approximately 12:55 p.m.

6
7 EXAMINATION

8
9 BY MR. GOLDBERG:

10 Q. Would you give us your full name.

11 A. Sheri Dawn McGee.

12 Q. And your home address?

13 A. 4236 Kensington Garden Court,
14 Lexington, Kentucky, 40514.

15 Q. All right. And you're employed here
16 at the Public Service Commission?

17 A. Yes.

18 Q. At the Sower Road complex?

19 A. Yes.

20 Q. And what do you do here at the Public
21 Service Commission?

22 A. I'm a rate analyst in the electric and
23 gas rate design branch.

24 Q. Okay. And how long have you been
25 doing that?

1 A. Six years.

2 Q. Okay. Did you work in the utility
3 industry prior to coming to the Public Service
4 Commission?

5 A. No.

6 Q. Did you have any kind of work that was
7 related to the kind of work that you do here prior to
8 coming to the Public Service Commission?

9 A. Yes.

10 Q. Okay. What kind of work did you do?

11 A. I was an auditor for four years.

12 Q. Do I take it you have a public
13 accounting background?

14 A. No. I was an auditor for another
15 division within the state government.

16 Q. Fair enough. What is your personnel
17 classification; do you know?

18 A. Do you mean the title of my position?

19 Q. Yes.

20 A. It's public utility rate analyst 4.

21 Q. Has that been the position you've held
22 all along during your employment?

23 A. No. I started out as a 1 and then
24 went up to a 2, a 3 and a 4.

25 Q. Okay. And who do you report to?

1 A. Jeff Shaw.

2 Q. Has Mr. Shaw always been your
3 immediate supervisor?

4 A. Yes.

5 Q. All right. With regard to rate cases
6 generally, what kinds of activity have you performed?

7 A. In major rate cases, I've been mainly
8 concentrating on the issue of return on equity. And
9 in smaller ones, I've done cost of service analysis,
10 rate analysis, allocation analysis, design rates,
11 prepared applications sometimes for a utility that
12 asks for assistance and just did the rate design
13 portion of the application.

14 Q. Okay. Had you ever worked on any KU
15 or LG&E matters prior to the rate cases?

16 A. Do you mean the last rate case or --

17 Q. Yes.

18 A. Yes.

19 Q. You have?

20 A. Yes.

21 Q. Okay. And can you tell me what you
22 generally recall of the cases that you've worked on
23 before.

24 A. I've worked on two prior rate cases,
25 and I've worked on financing cases. I've worked on

1 hedging cases.

2 Q. For KU?

3 A. I'm sorry, they're for LG&E.

4 Q. I was looking for --

5 A. For just KU?

6 Q. For KU/LG&E.

7 A. Both together?

8 Q. Not even together. They can be apart,
9 but just a prior work experience on a rate case where
10 KU and/or LG&E were parties?

11 A. Okay. That would be two prior rate
12 cases, then.

13 Q. Okay. And do you recall when those
14 were?

15 A. The first one was on -- was actually
16 going on when I started here. That would have been
17 '99. And the second one, I believe the case number
18 started with 2000. So it probably would have been
19 2000, 2001, thereabouts.

20 Q. And what kind of things did you do in
21 those rate cases?

22 A. Just return on equity.

23 Q. Fair enough. Tell me when you first
24 recall being aware of the fact that you would be
25 working on KU or LG&E rate cases or both.

1 A. When I first started. Since the case
2 was ongoing. I was -- I was -- I don't know if I was
3 officially part of the team, but I was asked to
4 participate in all the meetings and shadow my
5 predecessor just to get an idea of what went on in
6 rate cases and what exactly was involved in the -- in
7 the job. So it would have been '99.

8 Q. Okay. I was inartful in the way I
9 asked the question. What I was looking for was the
10 2003 rate cases --

11 A. Oh, I'm sorry.

12 Q. -- which would have been 00433 and
13 00434. When do you first recall being asked to
14 participate on those two? If you don't have a time
15 frame, I can --

16 A. It would have been when it was filed.
17 I would have been notified by Jeff Shaw that I was on
18 the team. As for the time, I don't know.

19 Q. That's December of 2003.

20 A. That sounds right, yeah.

21 Q. And the actual notice of intent would
22 have been November of 2003.

23 A. Okay. It would have been with the
24 notice of intent, then. That's usually when he tells
25 me whether or not I'm going to be on the team.

1 Q. Okay. Do you recall who else was on
2 the team -- put on the team at that point in time?

3 A. I know Isaac Scott was, and I
4 believe -- oh, gosh. Actually, I'm not going to be
5 able to remember.

6 Q. Is it a fair statement to say you
7 primarily worked with Mr. Shaw as it relates to these
8 two rate cases?

9 A. Yes.

10 Q. Okay. And do you have a recollection
11 of the tasks that were assigned to you as a member of
12 the LG&E/KU rate case team?

13 A. Yes.

14 Q. Okay. What were you to do on these
15 particular rate cases?

16 A. I was supposed to do return on equity.

17 Q. Okay. Anything else?

18 A. No.

19 Q. Did you do any rate design on these
20 two cases?

21 A. No.

22 Q. With regard to return on equity, what
23 course of action did you take?

24 A. I read the testimony, developed
25 questions for the data requests, would have given the

1 team leader, who would have been Isaac Scott, ranges
2 that we were looking at for our recommendation for
3 the commission. I would have written up my part of
4 the decision memo that goes to the commission. That
5 would have been basically it.

6 Q. Okay. Let's work through this step --
7 on a time line. Notice of intent is November of
8 2003, as I said, and the actual filing is December.

9 A. Okay.

10 Q. First informal conference would have
11 been April 28, 2004, and the following week testimony
12 would have been given. There was one more hearing on
13 May the 12th, and then decision mid June --

14 A. Okay.

15 Q. -- by the commission.

16 Sort of using that as your time line
17 panorama, I take it you would first come up with your
18 questions for the document requests.

19 A. Yes.

20 Q. Okay. Information would have come
21 back, presumably.

22 A. Yes.

23 Q. Did it?

24 A. Yes.

25 Q. And you would have analyzed that

1 information?

2 A. Yes.

3 Q. Okay. And prior to the hearing, am I
4 correct, you would have seen the prefiled testimony
5 submitted by LG&E and KU?

6 A. Yes.

7 Q. Would you have seen the interveners'
8 prefiled testimony?

9 A. Yes.

10 Q. Okay. And would you have made a
11 report of the prefiled testimony?

12 A. Not a report, per se.

13 Q. Okay. Were you participating in staff
14 meetings during this period of time leading up to the
15 actual informal conference, April 28, 2004?

16 A. Yes.

17 Q. Okay. All right. Now, did you, in
18 your duties, have any contact with the LG&E/KU
19 personnel?

20 A. No.

21 Q. Okay. At any time?

22 A. No.

23 Q. All right. And let me ask you the
24 same question with regard to the interveners. Did
25 you have any contact with any members of the

1 interveners?

2 A. No.

3 Q. When I say "interveners," do you have
4 an understanding of what I mean by that?

5 A. Yes.

6 Q. Okay. And that would have been KIUC,
7 the attorney general, low income advocates --

8 A. Yes.

9 Q. -- Kroger Company?

10 A. Yes.

11 Q. Okay. Do you have any recollection
12 during this same time period -- and this is
13 November 2003 through decision, June of 2004, having
14 any conversations with any of the commissioners about
15 the rate cases?

16 A. I don't remember having any with them,
17 so ...

18 Q. Okay. Am I taking you may have had
19 some conversation in passing, but no conversation on
20 the rate cases?

21 A. Rate -- the -- the only time I would
22 have discussed the case with the commissioners would
23 have been in the prehearing meeting. And I don't
24 even remember speaking up in that meeting, so --

25 Q. Okay.

1 A. -- I don't remember having any
2 conversations.

3 Q. And a prehearing meeting is a normal
4 meeting that is scheduled prior to the time the
5 hearing actually takes place.

6 A. Right.

7 Q. Okay. Did you participate in any of
8 the discussions amongst the parties that were
9 occurring here at the Public Service Commission after
10 the informal conference in the week of -- beginning
11 April -- I'm sorry, the week ending April 29th, 30th,
12 and then beginning May 3rd through the 6th?

13 A. Would that have been the settlement
14 conferences?

15 Q. Yes.

16 A. No, I didn't participate.

17 Q. Did you participate in the hearings
18 where testimony was actually given?

19 A. Yes.

20 Q. Okay. And what was your
21 participation?

22 A. I sat in the audience. And during the
23 return-on-equity witness, I would have been present
24 to make sure that there weren't any additional
25 questions the attorney needed. And if there were, I

1 would have just passed them to him. Other than that,
2 it was mainly just to sit and listen to the
3 testimony.

4 Q. Okay. When you say "return-on-equity
5 witness," that would have been LG&E/KU's
6 return-on-equity witness?

7 A. And also the interveners' witnesses.
8 If I remember right, there were at least two.

9 Q. Those were your assigned tasks.

10 A. Right.

11 Q. Okay. And you did not participate in
12 any of the settlement discussions.

13 A. That's correct.

14 Q. Okay. And do I take it you had no
15 conversations with any of the witnesses for LG&E, KU
16 or the interveners?

17 A. That's right.

18 Q. And so that we are clear, no
19 conversations with any LG&E/KU staff folks.

20 A. Right.

21 Q. No conversations with any intervenor
22 persons.

23 A. Right.

24 Q. And that you can recall, no
25 conversations with the commissioners themselves.

1 A. Right.

2 (DEPOSITION EXHIBIT NO. 1 PREVIOUSLY
3 MARKED)

4 Q. Let me show you a Public Service
5 Commission handbook and first get you to identify
6 that. Have you seen that document before?

7 A. It does not look familiar. I may have
8 been shown it when I first started, but ...

9 Q. Okay. Turn to page 20 for me.

10 A. I'm sorry, did you say 24?

11 Q. Twenty. Do you see the reference to
12 improper ex parte communication?

13 A. Yes.

14 Q. Okay. And while you may not have seen
15 the actual document before, were you familiar with
16 the policy here at the Public Service Commission as
17 it relates to improper ex parte communication?

18 A. Yes.

19 Q. Is that part of the general training
20 that you were given as an employee?

21 A. Yes. At my prior job, we also had to
22 deal with ex parte communication issues, so ...

23 Q. All right. If you would, read that
24 policy and then I'm going to ask you whether it's
25 consistent with your understanding of the practice

1 here at the Public Service Commission.

2 A. (Reviews document). Okay.

3 Q. All right. Is that your general
4 understanding of the practice?

5 A. Yes.

6 Q. Okay. And while the document always
7 speaks for itself, my general understanding is is
8 that it is unallowable to have a conversation between
9 any staff member and any person associated with a
10 case on the merits of the case. Is that your
11 understanding?

12 A. Yes.

13 Q. And I take it you've never had any
14 such conversation?

15 A. That's right.

16 Q. Okay. Were you present in the hearing
17 room, Ms. McGee, on the day Mr. Raff reported hearing
18 a radio address from the attorney general accusing --
19 or making the accusation that ex parte, collusive or
20 inappropriate behavior had been associated with the
21 rate-making case?

22 A. Yes.

23 Q. Okay. Tell me what you recall of that
24 whole chain of events with regard to Mr. Raff's
25 statement and then what occurred in the hearing room.

1 A. I remember -- wow. I remember --
2 well, my memory is that Mr. Raff raised it before the
3 proceeding had started. I don't know if he used this
4 exact term, but as a housekeeping matter, stated what
5 he had heard on the radio and wanted to know what the
6 attorney general's actual proof was. He may not have
7 used that word either, but it was, you know, what
8 exactly he was basing it on. And then I don't
9 remember the order, but I do remember several of the
10 parties, including the assistant attorney general,
11 Betsy Blackford, making statements about it. I don't
12 remember exactly what it was about, but ...

13 Q. Do you have a recollection that
14 Chairman Goss called upon those assembled to say if
15 anybody knew of ex parte, collusive or inappropriate
16 behavior to come forward?

17 A. Yes.

18 Q. Okay. And did anybody come forward to
19 allege that they had seen such behavior?

20 A. No.

21 Q. Okay. Am I correct that certain
22 individuals like Ms. Blackford went on record to say
23 that they had not seen any kind of ex parte,
24 inappropriate or collusive behavior?

25 A. Yes.

1 Q. Okay. And that record will obviously
2 speak for itself. Do I take it that you yourself
3 during the course of these proceedings, and again
4 going back to November of 2003 through June of 2004,
5 never had a conversation with anyone other than a
6 staff member about the rate-making cases?

7 A. That's my recollection, yes.

8 Q. Okay. Did you yourself witness any
9 behavior which you thought was collusive or
10 inappropriate in any way?

11 A. No.

12 Q. Okay. And do I take it you never
13 witnessed an ex parte communication?

14 A. That's right.

15 MR. GOLDBERG: That's all I have,
16 Ms. McGee. We thank you much.

17 THE WITNESS: All right. Thank you.

18

19 (STATEMENT CONCLUDED AT 1:10 P.M.)

20 * * *

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25

1 STATE OF KENTUCKY) (
) (SS:
 2 COUNTY OF JEFFERSON) (
 3

4 I, ELLEN L. COULTER, Notary Public,
 5 State of Kentucky at Large, hereby certify that the
 6 foregoing sworn statement was taken at the time and
 7 place stated in the caption; that the appearances
 8 were as set forth in the caption; that prior to
 9 giving testimony the witness was first duly sworn by
 me; that said testimony was taken down by me in
 stenographic notes and thereafter reduced under my
 supervision to the foregoing typewritten pages and
 that said typewritten transcript is a true, accurate
 and complete record of my stenographic notes so
 taken.

10 I further certify that I am not
 11 related by blood or marriage to any of the parties
 hereto and that I have no interest in the outcome of
 captioned case.

12 My commission as Notary Public expires
 November 5, 2007.

13 Given under my hand this the 18th
 14 day of August, 2005, at Louisville,
 15 Kentucky.

16
 17 

18 ELLEN L. COULTER
 19 NOTARY PUBLIC
 20
 21
 22
 23
 24
 25

1 I, the undersigned, DAWN McGEE, do hereby
2 certify that I have read the foregoing sworn
3 statement, and that, to the best of my knowledge,
4 said sworn statement is true and accurate, with the
5 exception of the corrections, if any, listed on the
6 errata sheet.

7
8 *S. Dawn McGee*

9 DAWN MCGEE

10
11 Subscribed and sworn to before me this 28th
12 day of September, 2005.

13
14
15 *Mary Frances Bittard*
16 NOTARY PUBLIC
17

18
19 My commission expires November 30, 2008
20
21
22
23
24
25

COULTER REPORTING, LLC
101 EAST KENTUCKY STREET, SUITE 200
LOUISVILLE, KY 40203

ERRATA SHEET

NAME DAWN MCGEE DATE OF DEPOSITION 8/8/05

After having read my deposition, I wish to make the following changes:

Page 5 Line 10
Change design rates to designed rate
Reason for change clarity

Page 5 Line 12
Change just did the rate design to developed the rate design
Reason for change clarity

Page 11 Line 21
Change Rate -- the -- the only... to Right -- the -- the only...
Reason for change Clarity, my accent probably made "right" sound like "rate".

Page _____ Line _____
Change _____
Reason for change _____

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Reason for change _____

Dawn McGee
Dawn McGee

Subscribed and sworn to before me this 28th day of September, 2005.

Mary Ann Butler
Notary Public

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EMPLOYEE INFORMATION HANDBOOK

EXHIBIT

McGEE

8/8/05 /

The contents of this Employee Information Handbook reflect the current policies and procedures in effect at the PSC at the time of its printing.

Amendments to personnel law, regulations and policies may modify or supercede all statements in this information handbook.

It is the policy of the Public Service Commission to affirm equal opportunity for employment and advancement to all qualified persons without regard to race, color, religion, national origin, disability, sex, age, or sexual orientation.

Printed with State Funds

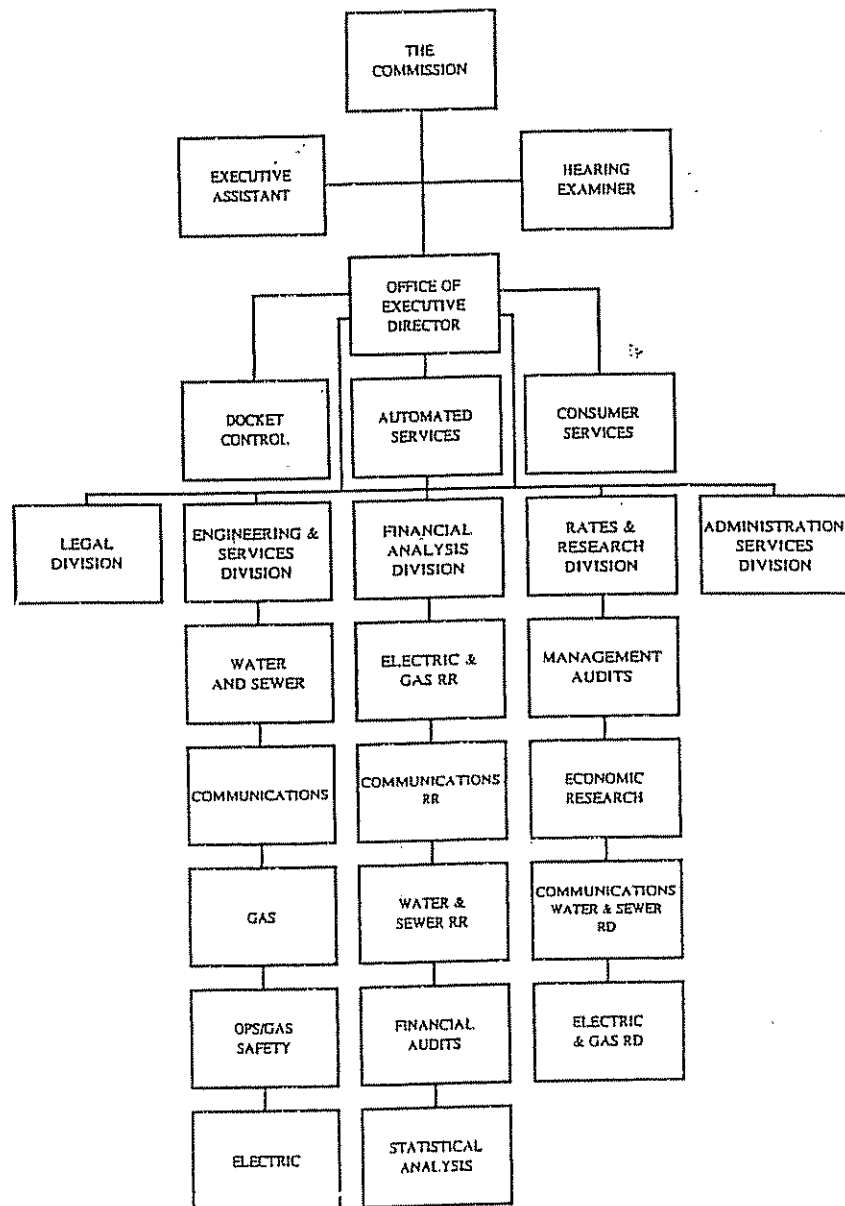
Effective 10-1-93

PSC EMPLOYEE HANDBOOK

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Public Service Commission Organizational Chart



PSC INFORMATION HANDBOOK

Introduction

The Commissioners and management team of the Kentucky Public Service Commission (PSC) recognize their employees as their most valuable asset. This booklet has been prepared to help employees learn about their commission, its structure and functions, and some of the many facets of the employment relationship into which they have entered. In referring to employees, "he" shall mean male or female.

Questions concerning employment should be directed to your immediate supervisor, or to your agency Personnel Administrator.

The Public Service Commission is an independent administrative body established by the Legislature in 1934 with quasi-legislative and quasi-judicial duties.

The Commission regulates intrastate rates and services of investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts and associations. The Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in Chapter 278 of the Kentucky Revised Statutes and administrative regulations promulgated by the Commission in Title 807 of the Kentucky Administrative Regulations.

The Commission's goal is to ensure that every utility within its jurisdiction charges fair, just and reasonable rates for the services rendered and that those services are safe, adequate, efficient and reasonable.

The PSC consists of three (3) members appointed by the Governor with the advice and consent of the Senate. Commissioners are appointed for staggered four year terms. Appointments run from July 1 to June 30, with each commissioner staying in the office until his successor is sworn into office. The Governor designates one commissioner to act as Chairman and Chief Executive Officer and a second commissioner to serve as Vice Chairman and act for the Chairman in the latter's absence.

The PSC is divided into the following units: General Counsel (Legal), Engineering, Rates and Research, Financial Analysis, and Administrative Services. The Commission appoints an Executive Director, to serve at its pleasure, and to act as Chief Administrative Officer directing day-to-day operation of the Commission.

Affirmative Action Policy

The Commission is committed to the law of the Commonwealth in establishing a work place free from the injustices of discrimination. It is the policy of the Commission to affirm equal opportunity for employment and advancement to all qualified persons without regard to race, color, religion, national origin, disability, sex, age, or sexual orientation. Any employee who believes he has been subjected to discriminatory treatment in the workplace has the responsibility immediately to bring the problem to the attention of the agency Personnel Administrator.

The Americans With Disabilities Act of 1990 (ADA)

The Americans With Disabilities Act, 42 U.S.C. § 12101 et seq., is a federal law that requires that public facilities and programs, when viewed in their entirety, be accessible to persons with all types of disabilities. The ADA also makes it unlawful to discriminate against a qualified person with a disability in any aspect of employment. The ADA applies to Commission employment practices and the terms, conditions and privileges of employment. The ADA protects qualified persons with a disability. This includes current Commission employees, qualified applicants seeking Commission employment and citizens seeking to utilize Commission facilities and programs. Contact the agency Personnel Administrator for further information.

Sexual Harassment Policy

The Commission does not tolerate sexual harassment of any kind. Sexual harassment in the workplace is a serious offense against the dignity of fellow workers and a violation of both state and federal law. Sexual harassment is viewed as misconduct and will subject any offending employee to disciplinary action up to and including dismissal. Any employee who has a complaint of sexual harassment at work by supervisors, co-workers, visitors or clients should immediately bring the problem to the attention of his supervisor, or, if the complaint involves supervisory personnel in the employee's line of command, complaints may be made to another supervisor, the agency Personnel Administrator or the Cabinet Personnel Administrator.

Vacancies

When a vacancy occurs in the Commission, it is usual practice to attempt to fill the position from within the agency or state government through promotion or transfer. When recruiting from the outside for a merit position, a register of names is requested from the Department of Personnel for the vacant position. A selection is made from this register. The new employee serves a probationary period of six months to obtain merit status. Non-merit appointments are made by the Commission to serve at the pleasure of the Commission.

Probationary Period

1. Initial probationary period is the period an agency observes an employee's job performance and determines to continue his employment or terminate it. The initial probationary period is six months. Employees who perform satisfactorily gain merit system status.
2. Promotional probationary period is the six months following a promotion during which the agency observes the employee's job performance. With satisfactory performance, the employee gains merit system status in the new job. If performance is not satisfactory, the employee is returned to his former position or to a position in the same job classification as the former position.

Transfers

If an employee wishes to transfer to another position or location within the Commission, he should submit the request in writing to his supervisor. If an employee wishes to transfer to another state agency, it is his responsibility to locate the new position. The Commission and the hiring agency will coordinate the transfer of Personnel records. The employee is responsible for notifying his immediate supervisor and negotiating a transfer date.

Promotions

Promotion is a change from a position in one class to a position in another class having a higher minimum salary or carrying a greater scope of discretion or responsibility. Employees who are promoted are required to serve a **promotional probationary period**. Employees who are promoted retain their status in the class from which they are promoted; if an employee does not successfully complete the promotional probation he must revert to a position in his former class. An employee who is promoted receives a salary increase of at least five percent or advances to the minimum of the grade for the new position (whichever is greater). An agency may give a five percent promotional increase to an employee who successfully completes promotional probation. If the promotion is to a position which constitutes an unusual increase in the level of responsibility, the agency, with the prior written approval of the Commissioner of Personnel, may grant upon promotion a ten percent or fifteen percent salary increase over the employee's previous salary.

Reclassifications

A reclassification occurs when an employee is given a different job classification because of a **material and permanent** change in his duties or responsibilities. An employee who is advanced to a higher pay grade through reclassification shall receive a salary increase of five percent except that in no case shall the employee's salary be below the minimum for the new pay grade. An employee placed in a lower pay grade through reclassification shall receive the same salary he received before reclassification.

Hours of Work

Full-time state employees are required to work 7.5 hours per day. Part-time and hourly employees shall be scheduled to work hours in accordance with the needs of the position. The normal work hours are from 8:00 a.m. to 4:30 p.m., Monday through Friday, unless flextime has been approved by the Executive Director. The employee shall not be scheduled to begin work earlier than 7:30 a.m. nor later than 8:30 a.m. Habitual tardiness or excessive absenteeism from work stations shall constitute grounds for disciplinary action.

Training

The Commission encourages all employees interested in career development to take advantage of courses offered at the Governmental Services Center at Kentucky State University. The Commission also encourages job enrichment through work-related workshops and seminars of a technical nature to improve job efficiency and effectiveness if within the budgetary allowance.

Performance Evaluations

Performance evaluations enable both the supervisor and employee to determine whether the employee is meeting the requirements of the job. Performance evaluations, updated job descriptions, standards and goals are to be completed for merit employees on June 30 (mid-year) and December 31 (year-end) of each year. An employee is not eligible to begin the evaluation process unless his probationary period is completed by January 1 of the year for which he is to be evaluated.

Job Classification

The goal of the classification process is to maintain a system that accurately matches what the employee does with how the employee is classified. Each employee has a detailed position description (PD) of his job duties. The PD is developed and monitored as a joint effort of both the employee and his supervisor.

Compensation (Pay) System

When jobs are classified, they are evaluated on thirteen (13) factors and compared to jobs in their proposed class. The following factors are included in the evaluation: minimum education requirement; minimum experience requirement; supervisory responsibilities; responsibilities for following, interpreting, enforcing, or developing policies or procedures; responsibility for materials and supplies; authority to handle and spend money; responsibility for personal contacts; responsibility for records and reports; responsibility for machinery and equipment; types of mental skills required; types of mental demands required; types of physical demands; and types of working conditions. This evaluation provides a basis for internal ranking of classes. In addition, the Department of Personnel maintains information about the salaries other employers pay for similar jobs. Using all available information, each class is assigned a pay range on the salary schedule.

Paychecks

All payroll checks are paid two weeks in arrears. For example, a new employee will not receive his first paycheck for four weeks. If the appointment date is September 1, he will receive his first check on September 30 for the September 1 - 15 pay period. Payday is always on the 15th and 30th of each month, unless payday falls on a Saturday or Sunday, in which case paychecks are delivered on the preceding Friday.

Resignation

An employee who desires to terminate his service with the state shall submit a written resignation to the agency. Resignations shall be submitted at least fourteen (14) calendar days before the final working day. Failure of an employee to give fourteen (14) calendar days notice with his resignation may result in forfeiture of accrued annual leave.

Retirement

All salaried employees and hourly Commission employees working an average of 100 hours a month are members of the Kentucky Employees Retirement System and contribute 5% of their base pay to the retirement system. The state contributes 7.65% of the employee's base salary to his retirement account. The following are benefits provided by the Retirement System:

Normal Retirement

1. A member who has attained age 65 and has acquired at least 48 months of service credit (12 months must be current service) is eligible for an annual retirement benefit as determined by the following formula:

YEARS OF SERVICE X 1.97% X FINAL COMPENSATION*

EXAMPLE: A member has 20 years of service and final compensation of \$15,000.

$$20 \times 1.97 = 39.4\%$$

$$39.4\% \text{ of } \$15,000 = \$5,910 \text{ annual payment}$$

$$\$5,910 \text{ divided by } 12 = \$492.50 \text{ monthly payment}$$

*Final compensation is the average annual salary earned during the five fiscal years when the member's salary was highest.

2. A member who has attained age 65 but has less than 48 months of service is eligible for a monthly benefit equal to the actuarial equivalent of twice the member's accumulated contributions. This amount must be calculated by the retirement system.

Early Retirement

1. A member may elect early retirement at any age with no decrease in benefits if the member has 27 years of service credit. At least 15 years of the service must be current service.
2. A member may choose early retirement if he is age 55 or older and has at least 60 months of service credit.
3. A member may also choose early retirement if he is under age 55, and has at least 25 years of service, 15 of which must be current service. The benefits are calculated the same as for normal retirement and are reduced 5% for each year of service credit under 27.
4. Under early retirement, the benefit is calculated the same as under normal retirement, except that benefits are reduced depending on the member's age or years of service.

Disability Retirement

A member who has acquired 60 months of service credit (12 months must be current service) is eligible for a monthly disability benefit if he should become disabled while actively contributing to the retirement system. Application for disability benefits must be made within 12 months of termination of employment. Disability benefits are calculated in the same manner as Normal Retirement benefits except that additional years of service credit may be added to the member's account and years of service at the time of disability.

Any questions should be referred to the Kentucky Employees Retirement System office at (502) 564-4646.

Deferred Compensation

All Kentucky state government employees may participate in the Deferred Compensation program. Deferred Compensation lets the employee set aside income from his paycheck for retirement. Money set aside for Deferred Compensation is

automatically payroll deducted twice each month. The employee pays no state or federal income tax on the money deferred until he begins receiving benefit payments at retirement or early retirement, when he may be in a lower tax bracket. For additional information, contact the Kentucky Public Employees Deferred Compensation System at 564-7240.

U.S. Savings Bonds

Savings Bonds are available to all employees through payroll deduction. Employees should contact the agency Personnel Administrator for forms and information.

Credit Unions

A state employee may join the Commonwealth Credit Union or the Kentucky Employees Credit Union. Each offers a wide range of financial services, including secured and unsecured loans, savings plans, and payroll deductions. Information may be obtained by calling:

Commonwealth Credit Union	(502) 564-4775
Kentucky Employees Credit Union	(502) 564-5597

Workers' Compensation

All Commission employees are protected by Workers' Compensation. If an employee is injured at work, he should advise his supervisor immediately. Reporting should be coordinated through the Personnel Administrator's office. Failure to report injuries to the supervisor within 24 hours may jeopardize an employee's entitlement to Workers' Compensation benefits.

Unemployment Insurance

All employees of the Commission (except Commissioners) are eligible for unemployment compensation under certain circumstances. Direct any questions to the agency Personnel Administrator.

Agency Leave Procedures

Accumulation and use of the following leave are controlled by 101 KAR 2:100:

Annual
Sick
Compensatory
Court

Voting
Blood Donation
Military

Family and Medical Leave Act of 1993 (FMLA)

FMLA, 29 U.S.C. §2601 et seq., requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons. Unpaid leave must be granted for any of the following reasons:

- > to care for the employee's child after birth, or after placement of a child with the employee for adoption or foster care;
- > to care for the employee's spouse, child, or parent, who has a serious health condition; or
- > for a serious health condition that makes the employee unable to perform his job.

Job Benefits and Protection:

- > For the duration of FMLA leave, the employer must maintain the employee's health coverage under any "group health plan."
- > Return from FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

For additional information regarding FMLA, please contact the agency Personnel Administrator.

Holidays for State Personnel

State offices shall be closed and state employees shall be given a holiday on the following days:

- (a) The 1st day of January plus one extra day;
- (b) The 3rd Monday in February;
- (c) Good Friday, one-half day;
- (d) The last Monday in May;
- (e) The 4th day of July;
- (f) The 1st Monday in September;
- (g) Presidential election day as required under KRS 2.190;
- (h) The 4th Thursday in November plus one extra day;
- (i) The 25th day of December plus one extra day.

Smoking Policy

To provide a workplace that respects the rights of non-smokers, while ensuring smokers are not deprived of their rights, smoking is permitted only in specifically designated areas. This policy is in effect at all times.

Health Insurance

An employee has the option of receiving coverage through the carrier holding the state health insurance contract or if he lives or works within a defined service area, he may choose coverage through one of the health maintenance organizations (HMO's). Health coverage becomes effective the first day of the second month following the date of employment. When his employment terminates, the employee remains covered for the following month by the state's contributions.

The Retirement System provides hospital/medical insurance or Health Maintenance Organization coverage for recipients of a retirement benefit. Participation in these plans is optional and a recipient may purchase, at his own expense, coverage for his beneficiaries and dependents. The cost of coverage for the retirement system member may be partly paid by the retirement system depending on the number of years of service that the member accumulated. Percentages of the premium that will be paid by the system are as follows:

Less than 4 years	0%
4 - 9	25%
10 - 14	50%
15 - 19	75%
20 or more years	100%

Life Insurance

All eligible employees receive term life insurance coverage paid for by the state in the amount of \$6,560.00. To be eligible for life insurance benefits, a state employee must be a contributing member to one of the state administered retirement systems. The insurance becomes effective the first day of the second month following the date of employment. As with health insurance coverage, an employee will be covered by the state term life insurance one month following his separation from state service. State employees also have the option of purchasing additional life insurance. See the agency Personnel Administrator for additional information.

Other Insurance

Several dental insurance options are available for state employees through payroll deduction. The state does not contribute toward any of these premiums. Many premiums can be payroll deducted. See the agency Personnel Administrator for additional information.

Commonwealth Choice

Commonwealth Choice is a tax-saving opportunity that can benefit employees and their families who have dependent day care or out-of-pocket healthcare expenses. **Commonwealth Choice is not an insurance plan.** This optional benefit was implemented by the Kentucky Department of Personnel to help reduce taxes and increase spendable income. The cost-saving advantage of the plan is simple: any eligible dependent care and health care expenses paid through the plan are tax free. No federal or state income tax or Social Security tax on the money used to pay these eligible expenses is owed. Any full-time or permanent part-time, active state government employee who is eligible for state-sponsored health insurance coverage and will have completed one full year of continuous service by December 31 of a given year, can enroll in this tax-saving plan. For additional information on Commonwealth Choice, contact the agency Personnel Administrator.

Kentucky Employee Assistance Program (KEAP)

The Kentucky Employee Assistance Program (KEAP) is dedicated to helping employees find solutions to personal problems that may hinder effectiveness at work. Problems concerning marital, family, or emotional distress, alcoholism and drug abuse, financial or legal difficulties, or even medical problems can seriously diminish an individual's job performance. As a progressive employer, the Commonwealth of Kentucky recognizes that there are positive, workable solutions to many of these problems which trouble employees. All state employees and their families are eligible for KEAP services, and there is no cost for its information or referral services. All contact with KEAP is strictly confidential; any personal information disclosed will be kept confidential to the full extent permitted by state and federal law.

Drugfree Workplace

The Drug Free Workplace Act of 1988, 41 U.S.C. §701 et. seq., provides that recipients of federal grants shall inform their employees that the unlawful manufacture, distribution, dispensation, possession, or use of alcohol and other controlled drugs in any designated workplace is prohibited. Conviction for such conduct may subject the employee to appropriate disciplinary action under state law, up to and including dismissal. The state may, in lieu of disciplinary personnel action, require an employee convicted of such conduct to participate in a drug abuse assistance or rehabilitation program.

Health and Safety

The Commission adheres to federal and state laws established to guarantee the health and safety of all employees in the workplace. Employees must follow the safety rules and procedures pertaining to their work unit. They must also maintain a personal commitment to exercising safe work habits and practices. For further information regarding health and safety in the workplace, please contact the agency Safety Coordinator.

Disciplinary Action

Supervisors are responsible for disciplining employees for just cause including conduct while on or off duty which may be prejudicial or detrimental to the Commonwealth or otherwise affect adversely the confidence of the public in the integrity of the Commission. Discipline may range from written reprimand to suspension or dismissal from state service. If an employee disagrees with any discipline received, he may appeal the action. The steps outlining these procedures are described in the Grievances Section.

Grievances

A grievance is a complaint filed by an employee which concerns some aspect of his employment. A grievance must be filed within thirty (30) days of the date of the action complained of or the date upon which the employee, exercising due diligence, became aware of the action.

Procedures

1. A grievance shall be filed with the employee's immediate supervisor.
2. The employee shall set forth in writing the basis of his grievance or complaint together with the corrective action desired. If the employee wishes to submit additional information or documentation, he may attach it to the grievance.
3. When a grievance is filed that alleges discrimination on the basis of race, color, religion, national origin, sex, disability or age (forty (40) or over), the supervisor shall immediately notify the agency Personnel Administrator in compliance with affirmative action requirements.
4. Interviews to evaluate or investigate the grievance held with the complainant or other employees shall not require the use of leave time. For interviews held outside of normal working hours, compensatory time shall be granted.

5. All parties may have a representative present at each step of the grievance procedure.

To obtain additional information, contact the agency Personnel Administrator.

Misuse of Facilities or Equipment

No employee shall use any equipment, supplies, or properties of the Commonwealth for other than officially designated purposes. Any questions in this area should be directed to the employee's immediate supervisor.

Telephones are to be used for state business. If it is necessary for employees to make personal long-distance calls, they shall reimburse the state for personal calls in cash or by personal check payable to Kentucky State Treasurer.

PROFESSIONAL CONDUCT AND ETHICAL RESPONSIBILITIES

Employees of the Commission work for the benefit of the people of the Commonwealth of Kentucky. As public servants, employees are bound to adhere faithfully to standards of professional and ethical conduct. Employees represent the Commission and are expected to conduct themselves in a manner which will inspire the confidence, trust, and respect of the public.

Principles of ethical behavior are based on the belief that public servants must be independent and impartial; government policy and decisions must be made through established processes; public servants must not use public office to obtain private benefits; and the public should be able to have confidence in the integrity of its government. KRS 11A.005. The Commission requires its employees to avoid conflicts of interest, improper ex parte communications, and participation in activities which present the appearance of impropriety.

The following guidelines are set forth to illuminate areas of concern:

A. Adverse Pecuniary Interest

Commissioners are statutorily prohibited from holding an official position or owning stocks, bonds, or any other pecuniary interest in a utility. KRS 278.060(2). The Commission has adopted the same prohibition for its staff. The Commission has determined that participation in an investment plan where utility stocks or bonds are purchased as part of a total portfolio and where the Commission staff member has no control over the company chosen for investment (such as a mutual fund), does not constitute a violation of this prohibition. Any staff member who is in violation of this policy shall immediately disclose that fact to the Executive Director.

All employees are subject to the provisions of the Kentucky Model Procurement Act ("Act") which detail prohibited conflicts of interest for public officers and employees. An employee cannot be interested, either directly or indirectly, in any contract in which he may be called to act or vote. KRS 45A.430. Likewise, the Executive Branch Ethics Code ("Code"), applying to all employees of the Commission, prevents a public servant from acting as a representative of the state in a business transaction with himself or in any business in which he or a family member has a greater than five percent interest. KRS 11A.040(3). "Family" is defined in KRS 11A.010(4) to mean a person's "spouse and children, as well as a person who is related to a public servant as any of the following, whether by blood or adoption:

parent, brother, sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister."

Another Code provision, KRS 11A.040(4), could affect employees by providing that they and their family members holding more than a five percent interest in a business cannot be parties, directly or by virtue of their partial ownership of the business, to any contract, agreement, lease, sale or purchase between that business and any state agency. For example, it is impermissible for the owner of a computer business to sell products to the Department of Human Resources if at least five percent of its shares are owned by the spouse of a Commission employee. Violation of this statute is a Class D felony.

B. Gifts and Favors

The Code provides that a public servant cannot knowingly accept compensation, other than that provided by law for public servants whose salary is paid by the Commonwealth, for the performance of any activity included in his official duties. KRS 11A.010(5). Compensation is defined as "any money, thing of value, or economic benefit conferred on, or received by, any person in return for services rendered, or to be rendered, by himself or another." KRS 11A.010(3).

The Executive Branch Ethics Commission has concluded that when dealing with a civic organization or other organization not comprised of entities regulated by the commission:

"an executive branch employee may accept a free meal at an event in which he is invited to participate in furtherance of his official duties, provided these tests are met:

1. The meal is an integral part of the event and the employee's role in the program occurs immediately before, during, or immediately after the meal.
2. The employee's meal is the same available to all others at the event and is consumed on the premises.

We also approve acceptance of a small token of appreciation such as a coffee mug. Public servants are encouraged to make speeches and presentations for the benefit of citizens of the Commonwealth, but public servants shall be zealous to accept nothing more than a small token of appreciation." AO 90-10.

The Executive Branch Ethics Commission states that employees involved in regulating utilities should not accept meals or beverages from those utilities or trade associations whose members are regulated utilities. AO 93-50.

The Commission prohibits its employees from accepting any item, including food or entertainment, from any employee of or executive agency lobbyist for a regulated utility. The Commission strives to avoid the public perception that an improper relationship may exist between regulated utilities and the Commission or its staff.

C. Representing Non-State Interests

No employee shall represent or act as an agent for any private interest, whether for compensation or not, in any transaction in which the state has a direct and substantial interest and which could be reasonably expected to result in a conflict between a private interest of the official or employee and his official state responsibilities.

D. Misuse of Information

The Code prohibits Commission employees from knowingly disclosing or using confidential information acquired during the course of their work. KRS 11A.040(1).

Employees should carefully and conservatively evaluate a document before providing it or describing its contents to anyone other than another Commission employee. Consult the Commission's General Counsel for assistance if you are unable to determine whether a particular document should be released.

E. Outside Employment

Members of the Commission are required by statute to devote their entire time to the duties of their offices. KRS 278.050(1). Members of the Commission's staff are not legally prohibited from having other jobs. However, employees who do seek outside employment are expected to ensure there is no conflict with their Commission duties. Employees who are unsure whether outside employment conflicts with their Commission duties should notify the Executive Director or consult the General Counsel.

F. Post-Commission Employment

The Code places three restrictions on the type of employment a public servant is permitted to accept after leaving state government:

1. A former public servant may not act as a lobbyist or lobbyist's principal for a period of one year after the date he leaves state employment or his term of office expires, whichever is later.
2. A former public servant may not represent a person in a matter before a state agency in which the former public servant was directly involved for a period of one year after the date he leaves employment or his term of office expires, whichever is later.
3. A present or former public servant may not, within six months of the termination of his state employment, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the state in matters in which he was directly involved during his tenure. This prohibition does not apply to individuals returning to the same business, firm, occupation, or profession in which they were involved prior to state government employment. The Executive Branch Ethics Commission has indicated through its Executive Director that it considers the Commission to be "doing business with" the utilities it regulates.

G. Improper Ex Parte Communication

1. "Ex parte communication" means an oral or written communication which relates to the merits of a formal proceeding pending before the Commission, or which the employee reasonably anticipates will be filed with the Commission, and which is not included in the public record, without notice and opportunity for all parties or interested persons to participate. A communication relevant to the merits includes any issue of fact or law relative to the matter pending.
2. The following types of communication are not prohibited ex parte communications if such communication is reasonably limited to the matter at hand:
 - (a) Any procedural inquiry, including prefiling inquiries.
 - (b) Staff's communications when performing routine operational inspections and safety inspections not for the purpose of investigating a matter pending before the Commission.
 - (c) Staff's communications when performing management audits pursuant to KRS 278.255 and routine field audits of accounts, books, and the Commission.

- (d) Staff's communications when performing cell site field inspections.
 - (e) Staff's communications when performing field reviews or inspections for preparation of Commission staff reports to be filed in pending or anticipated rate cases.
 - (f) Staff's communications in cases without intervenors, unless the staff determines intervention is likely.
3. Commissioners or Commission staff shall not participate in any prohibited ex parte communication with any interested person regarding the merits of any formal case or proceeding pending before the Commission or a case or proceeding that the employee anticipates will be filed with the Commission. It is improper to disclose a Commission decision prior to the issuance of an Order on the matter.
 4. If an employee participates in a prohibited ex parte communication, he shall immediately disclose the relevant details of the communication to the General Counsel.

H. Executive Agency Lobbyists

As of September 16, 1993, any individual who is engaged to promote, oppose, or otherwise influence the outcome of an executive agency decision is considered an executive agency lobbyist and is required to register with and make certain disclosures to the Kentucky Executive Branch Ethics Commission.

An "executive agency decision" is narrowly defined to include only those agency decisions regarding the expenditure of state or agency funds with respect to the award of a contract, grant, lease, or other financial arrangement under which those funds are distributed or allocated. PSC employees are rarely involved in agency decisions affecting the disbursement or allocation of state or agency funds.

However, executive agency lobbyists are required to report on a quarterly basis all expenditures made on behalf of or financial transactions with any executive branch employee in any agency, whether or not the employee works for the agency the executive agency lobbyist was engaged to influence. All Commission employees must be aware that disclosure of expenditures and financial transactions involving them could be detrimental to the public's perception of the Commission and act accordingly.

Kentucky Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601
(502) 564-3940
(502) 564-7279 fax
(800) 772-4636 Public Information Hot Line

WHEN THE PUBLIC ASKS FOR DIRECTIONS TO PUBLIC SERVICE COMMISSION:

Take I-64 to the Frankfort/Versailles exit (Exit 58). Turn off the exit onto U.S. 60 (Versailles Road) toward Frankfort. Follow U.S. 60 all the way in until you reach the intersection of U.S. 60, 460 and 421 (approximately 3 miles). As you approach the intersection, the road will widen to 5 lanes and a sign will read "Capital Plaza Complex". Continue straight through the light onto U.S. 421 (Wilkinson Boulevard) for approximately 1 mile. At the first light (at Hardee's) you will turn right onto Schenkel Lane. We are on the second block, in a two-story brick building located on the right, across from the Chrysler dealership (Frankfort Auto Sales) and right before you get to the liquor store.

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